

CIRCULAR

Shipowners Claims Bureau, Inc., Manager
60 Broad Street – 37th Floor
New York, New York 10004 U.S.A.



DECEMBER 12, 2005

CIRCULAR NO. 34/05

TO MEMBERS OF THE ASSOCIATION

Dear Member:

THE MEMBER'S DUTY TO NOTIFY CLUB OF VESSEL'S CHANGE OF CLASS AND/OR FLAG

It is a condition of the cover provided by the American Club that an insured vessel must be and remain throughout the period of insurance classed with a Classification Society approved by the Managers. This is provided for in the wording of Rule 1.14.i of Class I set out on page 26 of the current Rule Book.

International Group initiatives to deal with sub-standard shipping – where a vessel's Class and flag have at least an empirical bearing on its propensity to be involved in maritime accidents – are generating increased attention to these issues. Moreover, a renewed focus on these items of vessel status has become an integral part of the American Club's loss prevention philosophy.

Accordingly, with effect from February 20, 2006, Members will be required to notify the Managers of any change of Class and/or flag that might be made during the course of the policy year, and Members must also obtain the approval of the Managers to any such change in Class and/or flag.

This obligation of Members will be noted in the following endorsement which will be incorporated in all Certificates of Entry applying to the 2006 policy year. The terms of the endorsement, and of this Circular, will also apply in respect to any new business attaching before and during the next insurance period.

Duty to Notify Change of Class and Change of Flag

Notwithstanding anything to the contrary contained in the Rules or as may be provided for elsewhere in this Certificate of Entry, it is a condition of this insurance that the Member shall immediately notify the Managers in writing of any change in the Class of the insured vessel(s) and/or of any change of flag of the insured vessel(s) as may be made during the currency of the cover provided hereunder. In the event that:

- ***the Member shall have failed immediately to notify the Managers of such change(s) as aforesaid; or***
- ***the Managers shall have notified the Member that they do not approve of the Class and/or flag to which the insured vessel(s) has been changed;***

cover hereunder shall be null, void and of no effect as of the date of such change(s), save to the extent that the Managers, in their sole discretion, may otherwise determine.



Members should be guided accordingly. If any Member has a specific question in regard to the foregoing, or generally, the Managers will, as always, be pleased to respond.

Yours faithfully,

A handwritten signature in black ink, which appears to read "Joseph E.M. Hughes". The signature is written in a cursive style and is positioned above the typed name.

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB